

Appendix-3

EXAMPLES OF SBSN REPO CALCULATION

EXAMPLE-1

On August 19, 2010, Sharia Commercial Bank “A” proposed Repo transaction on SBSN series IFR-0001 in the amount of Rp1 billion. The data and information of such SBSN Repo were as follows:

SBSN Issuance Date	:	August 26, 2008
SBSN Tenure	:	7 (seven) years
SBSN Maturity Date	:	August 15, 2015
Rights Payment Date	:	February 15 and August 15
Repo rate	:	BI rate + 100 bps margin $= 6.5\% + 1.0\% = 7.5\%$
SBSN price on the repo date	:	95%
Haircut on SBSN IFR-0001	:	5%
Rate of IFR-0001 Return	:	11.08%
SBSN Repo Proposal Date	:	August 19, 2010
SBSN Repo Settlement Date (1 st Leg):	:	August 19, 2010
SBSN Repo tenure	:	1 day
SBSN Repo Maturity Date (2 nd Leg) :	:	August 20, 2010
Nominal Value of SBSN subject to repo	:	Rp1, 000,000,000.00

On the 1st Leg

Sharia Commercial Bank “A” proposing SBSN Repo to Bank Indonesia would receive funds in an amount equal to the settlement value on the 1st leg, namely Rp901,289,617.49 with details on calculation as follows:

The number of days for accrued return is calculated as from the previous return payment date (August 15, 2010) up to the SBSN Repo Proposal date (August 19, 2010) = 4 days

$$\begin{aligned}\text{The settlement value on the 1}^{\text{st}} \text{ leg} &= [\text{Rp}1,000,000,000.00 \times (95\%-5\%)] + \\ &\quad [(\text{4}/\text{183}) \times (\text{1}/\text{2} \times 11.80\%) \times \\ &\quad \text{Rp}1,000,000,000.00] \\ &= \text{Rp}900,000,000.00 + \text{Rp}1,289,617.49 \\ &= \text{Rp}901,289,617.49\end{aligned}$$

On the 2nd Leg

On August 20, 2010, Sharia Commercial Bank “A” settled SBSN Repo that it received with the following details of calculation:

The nominal value of SBSN IFR-0001 subject to repo by BUS “A”	Rp1,000,000,000.00
Repo rate	7.5%
SBSN Repo Fee required to be paid by BUS “A”	$[\text{Rp}1,000,000,000.00 \times (\text{1}/\text{360}) \times 7.5\%] =$ Rp208,333.33
The amount paid by BUS “A” through a debit from its demand deposit	$\text{Rp}901,289,617.49 + \text{Rp}208,333.33 =$ Rp901,497,950.82

account in BI is equal to amount of the settlement value on the 1 st leg + SBSN Repo fee	
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Settlement Cancellation on the 2nd Leg

If BUS “A” cancelled the SBSN Repo Settlement on August 20, 2010, the following actions should be taken:

Settlement value on the first leg	Rp901,289,617.49
SBSN Repo fee required to be paid by BUS “A”	Rp208,333.33
Calculation of penalty due to the cancellation of second leg settlement	$0.01\% \times \text{Rp}1,000,000,000.00 =$ Rp100,000.00 Pursuant to the Circular Letter, the financial penalty of 0.01% (one per ten thousandth) of the nominal value of the cancelled SBIS transaction with the minimum amount of Rp10,000,000.00 (ten million rupiah) and the maximum amount of Rp100,000,000.00 (one hundred million rupiah) for each cancellation; BUS “A” is subject to a financial penalty in the amount of Rp10,000,000.00
Total liabilities of BUS “A” in the event of the second leg settlement	Rp901,289,617.49 + Rp208,333.33 + Rp10,000,000 = Rp911,497,950.82

cancellation	
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The value of outright transaction on securities on the 2nd leg settlement (**fixed price**)

$$= (\text{Rp}1,000,000,000.00 \times 95\%) = \text{Rp}950,000,000.00$$

Bank Indonesia credited the Demand Deposit Account of BUS “A” with an amount equal to the difference between the value of settlement liability on the second leg and the outright transaction value with the following calculation:

$$= \text{Rp}911,497,950.82 - \text{Rp}950,000,000.00 = - \text{Rp}38,502,049.18$$

EXAMPLE-2

On August 20, 2010, BUS “A” proposed a Repo on SBSN IFR-0001 in the amount of Rp1 billion. The data and information on such SBSN Repo are as follows:

SBSN Issuance Date	:	August 26, 2008
SBSN Tenure	:	7 (seven) years
SBSN Maturity Date	:	August 15, 2015
Rights Payment Date	:	February 15 and August 15
Repo rate	:	BI rate + 100 bps margin = 6.5% + 1.0% = 7.5%
SBSN price on the Repo date	:	95%
Haircut on SBSN IFR-0001	:	5%
IFR-0001 Return Rate	:	11.08%
SBSN Repo Proposal Date	:	August 20, 2010
SBSN Repo Settlement Date (1 st Leg):	:	August 20, 2010

SBSN Repo tenure : 3 days

SBSN Repo Maturity Date (2nd Leg) : **August 23, 2010**

Nominal Value of SBSN subject : Rp1,000,000,000.00

to repo

On the 1st Leg

BUS “A” proposing SBSN Repo to Bank Indonesia will receive fund in the amount equal to the settlement value on the 1st leg namely Rp901,612,021.86 with details on calculation as follows:

The number of days for accrued return is calculated as from the previous return payment date (August 15, 2010) up to SBSN Repo proposal date (August 20, 2010)
= 5 days

$$\begin{aligned}\text{The settlement value on the 1}^{\text{st}} \text{ leg} &= [\text{Rp1,000,000,000.00} \times (95\% - 5\%)] + \\ &\quad [(5/183) \times (1/2 \times 11.80\%) \times \\ &\quad \text{Rp1,000,000,000.00}] \\ &= \text{Rp900,000,000.00} + \text{Rp1,612,021.86} \\ &= \text{Rp901,612,021.86}\end{aligned}$$

On the 2nd Leg

On August 23, 2010, BUS “A” settled Repo Transaction on SBSN which it received with the details of calculation as follows:

The nominal value of SBSN IFR-0001 subject to repurchase agreement by BUS “A”	Rp1,000,000,000.00
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Repo rate	7.5%
SBSN Repo Fee required to be paid by BUS “A”	$[Rp1,000,000,000.00 \times (3/360) \times 7.5\%]$ = Rp625,000.00
The amount paid by BUS “A” through a debit from its demand deposit account with BI is equal to amount of the settlement value on the 1 st leg + SBSN Repo fee	$Rp901,612,021.86 + Rp625,000.00 =$ Rp902,237,021.86

Settlement Cancellation on the 2nd Leg

If BUS “A” failed to make SBSN Repo settlement on August 23, 2010, the following actions should be taken:

The settlement value on the first leg	Rp901,612,021.86
SBSN Repo fee required to be paid by BUS “A”	Rp625,000.00
Calculation on penalties due to the second leg settlement cancellation	$0.01\% \times Rp1,000,000,000.00 =$ Rp100,000.00 Pursuant to the Circular Letter, the financial penalty of 0.01% (one per ten thousandth) of the nominal value of the cancelled SBIS transaction with the minimum amount of Rp10,000,000.00 (ten million rupiah) and the maximum amount of Rp100,000,000.00 (one hundred million rupiah) for each cancellation; BUS “A” is

	subject to a financial penalty in the amount of Rp10,000,000.00
Total liabilities of BUS “A” in the event of the second leg settlement cancellation	Rp901,612,021.86+ Rp625,000.00+ Rp10,000,000.00 = Rp912,237,021.86

The value of outright transaction on securities on the 2nd leg settlement (**fixed price**)
 $= (\text{Rp}1,000,000,000.00 \times 95\%) = \text{Rp}950,000,000.00$

Bank Indonesia credited the Demand Deposit Account of BUS “A” with an amount equal to the difference between the settlement liability value on the second leg and the outright transaction value with the following calculation:

$$= \text{Rp}912,237,021.86 - \text{Rp}950,000,000.00 = - \text{Rp}37,762,978.14$$

EXAMPLE-3 (CALCULATION OF TRANSACTION VALUE IN THE EVENT OF SETTLEMENT CANCELLATION ON THE 2nd LEG & CHANGE IN SBSN PRICE)

$$\begin{aligned}
 \text{The settlement value on the 1}^{\text{st}} \text{ leg} &= [\text{Rp}1,000,000,000.00 \times (95\% - 5\%)] + \\
 &\quad [(4/183) \times (1/2 \times 11.80\%) \times \\
 &\quad \text{Rp}1,000,000,000.00] \\
 &= \text{Rp}900,000,000.00 + \text{Rp}1,289,617.49 \\
 &= \text{Rp}901,289,617.49
 \end{aligned}$$

The nominal value of SBSN IFR-0001 subject to repurchase agreement by Sharia	Rp1,000,000,000.00
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Commercial Bank “A”	
Repo rate	7.5%
SBSN Repo Fee required to be paid by Sharia Commercial Bank “A”	$[\text{Rp}1,000,000,000 \times (1/360) \times 7.5\%] =$ Rp208,333.33
Calculation on penalties due to the second leg settlement cancellation	$0.01\% \times \text{Rp}1,000,000,000.00 =$ Rp100,000.00 Pursuant to the Circular Letter, the financial penalty of 0.01% (one per ten thousandth) of the nominal value of the cancelled SBIS transaction with the minimum amount of Rp10,000,000.00 (ten million rupiah) and the maximum amount of Rp100,000,000.00 (one hundred million rupiah) for each cancellation; BUS “A” is subject to a financial penalty in the amount of Rp10,000,000.00
Total liabilities of BUS “A” in the event of the second leg settlement cancellation	$\text{Rp}901,289,617.49 + \text{Rp}208,333.33 +$ $\text{Rp}10,000,000.00 =$ Rp911,497,950.82

A. Calculation of Settlement on the 2nd Leg as the SBSN price raises to 98%

The value of outright transaction on securities on the 2nd leg settlement =
 $(\text{Rp}1,000,000,000.00 \times 98\%) = \text{Rp}980,000,000.00$

Due to such SBSN price increase, Bank Indonesia credited the Demand Deposit Account of BUS “A” an amount equal to the difference between the settlement liability value on the second leg and the outright transaction value with the following calculation:

$$= \text{Rp}911,497,950.82 - \text{Rp}980,000,000.00 = - \text{Rp}68,502,049.18$$

B. Calculation of Settlement on the 2nd Leg as the SBSN price falls to 85%

The value of outright transaction on securities on the 2nd leg settlement

$$= (\text{Rp}1,000,000,000.00 \times (85\%)) = \text{Rp}850,000,000.00$$

Due to such SBSN price decrease, Bank Indonesia debited the Demand Deposit Account of BUS “A” an amount equal to the difference between the settlement liability value on the second leg and the outright transaction value with the following calculation:

$$= \text{Rp}911,497,950.82 - \text{Rp}850,000,000.00 = \text{Rp}61,497,950.82$$